

Message Text

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PAGE 01 STATE 223066

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 INRE-00 CIAE-00 COME-00 DODE-00

DOT-00 FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06

OES-06 CAB-02 CIEP-01 FAA-00 AID-05 FRB-03 TRSE-00

XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 AGR-05 L-03

H-02 USIE-00 SSO-00 NSC-05 NSCE-00 SS-15 PM-04 /099 R

DRAFTED BY EB/TCA/MA:REJ HE:EW

APPROVED BY EB/TCA/MA:CTAYLOR,JF.

EB/TCA:JWBILLER

EUR/RPE:ECASEY

EB/OT/TA:RMEYER

TREAS/OTPN:COUELLETTE

EUR/WE:EBEIGEL

TREAS/IMA:ASTOGA

EB/IFD/OMA:TFORBORD

MARAD:JHOEN/RJBLACKWELL

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O 091552Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY ROME IMMEDIATE

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E.O. 11652:N/A

TAGS:EFIN, EAIR, EWWT, IT

SUBJECT:ITALIAN PRIOR DEPOSIT PROGRAM:DISCRIMINATION
AFFECTING US CARRIERS

REF: ROME 13620 AND PREVIOUS

1. SUMMARY: GOI SHOULD BE ALLOWED ONE FURTHER OPPORTUNITY
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PAGE 02 STATE 223066

TO ESTABLISH A FIRM DATE, PREFERABLY WELL BEFORE BUT NOT

AFTER NOVEMBER 3, 1976 FOR TERMINATING DISCRIMINATION UNDER THE PRIOR DEPOSIT PROGRAM AGAINST FOREIGN FLAG CARRIERS. IN ABSENCE OF TERMINATION, USG WILL REVOKE PR 17 WAIVERS. END SUMMARY.

2. EMBASSY SHOULD INFORM GOI AT APPROPRIATE HIGH LEVEL THAT USG IS CONCERNED WITH THE DISCRIMINATION AGAINST ALL U.S. GOODS AND SERVICES UNDER THE ITALIAN PRIOR DEPOSIT PROGRAM, BUT IS ESPECIALLY CONCERNED ABOUT DISCRIMINATION AGAINST U.S. SHIPPING. THE LATTER IS OF PARAMOUNT INTEREST TO THE MARITIME ADMINISTRATION WHICH HAS THE AUTHORITY TO GRANT AND REVOKE PR 17 WAIVERS. THUS, UNLESS THE DISCRIMINATION AGAINST FOREIGN-FLAG CARRIERS UNDER THE PRIOR DEPOSIT PROGRAM IS NOT REMOVED AS SOON AS POSSIBLE, AND IN NO CASE LATER THAN NOVEMBER 3, 1976, THE DATE OF EXPIRATION OF THE PRESENT 90-DAY PRIOR DEPOSIT PERIOD, USG WILL REVOKE PR 17

WAIVERS FOR CARRIAGE OF EXIMBANK-FINANCED CARGOES. U.S.-FLAG CARRIERS, PARTICULARLY SEA-LAND SERVICE AND AMERICAN EXPORT LINES, HAVE STRONGLY URGED MARAD TO REVOKE THESE WAIVERS. USG HAD DELAYED TAKING SUCH DECISION IN ANTICIPATION THAT THE DECREE WOULD BE MODIFIED OR REMOVED ON OR BEFORE THE INITIAL EXPIRATION DATE OF AUGUST 3, 1976, AS ITALIAN OFFICIALS HAD INDICATED. IT HAS NOT BEEN CLEAR TO US WHY THIS ACTION WAS NOT TAKEN WHEN THE DECREE WAS EXTENDED FOR AN ADDITIONAL 90 DAYS. SINCE AUGUST 3, PRESSURES FROM U.S.-FLAG LINES AFFECTED BY THIS DISCRIMINATION HAVE CONTINUED UNABATED TO HAVE WAIVERS REVOKED. IF THE PRESENT WAIVERS ARE TO CONTINUE, IT IS ESSENTIAL THAT GOI GIVE US FIRM COMMITMENT REGARDING THE DATE BY WHICH ALL DISCRIMINATION AGAINST U.S.-FLAG VESSELS WILL BE REMOVED. WE WISH THIS TO BE AS SOON AS POSSIBLE. IF THIS REMOVAL IS NOT MADE BY NOVEMBER 3, PR 17 WAIVERS WILL BE REVOKED AT THAT TIME.

3. IT SHOULD BE MADE CLEAR THAT IN THE EVENT OF WITHDRAWAL OF PR 17 WAIVERS, SUCH ACTION SHOULD NOT BE VIEWED BY ITALY AS A WEAKENING OF U.S. SUPPORT FOR THE ITALIAN STABILIZATION EFFORT, BUT RATHER AS A WITHDRAWAL OF SPECIAL PRIVILEGES ACCORDED TO ITALIAN SHIPPING TO CARRY LIMITED OFFICIAL USE

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PAGE 03 STATE 223066

USG-FINANCED CARGOES TO ITALY. THE WITHDRAWAL OF THE WAIVERS IS A RESPONSE TO LEGITIMATE COMPLAINTS BY U.S.-FLAG CARRIERS REGARDING THE APPLICATION OF THE ITALIAN ADVANCE DEPOSIT SCHEME TO FOREIGN SHIPPING, AND TO THE REQUEST OF THESE COMPANIES THAT THE U.S. SHOULD THEREFORE WITHDRAW THE FAVORS GRANTED ITALIAN SHIPPING UNDER PR 17.

4. FOR BACKGROUND PURPOSES, THE FOLLOWING IS AN ABBREV-

IATED DESCRIPTION OF THE POLICIES AND PROCEDURES IN THE
ADMINISTRATION OF PR 17, 73RD CONGRESS, 48 STAT. 500,
15 U.S.C.616(A): PR 17 PROVIDES THAT WHERE LOANS ARE
MADE BY AN INSTRUMENTALITY OF THE GOVERNMENT TO FOSTER
THE EXPORTATION OF AGRICULTURAL OR OTHER PRODUCTS,
PROVISION SHALL BE MADE THAT SUCH PRODUCTS BE CARRIED
EXCLUSIVELY IN VESSELS OF THE UNITED STATES UNLESS THE
MARITIME ADMINISTRATION, SHALL CERTIFY TO THE LENDING
AGENCY THAT SUCH VESSELS ARE NOT AVAILABLE AS TO NUMBERS,
TONNAGE CAPACITY, SAILING SCHEDULE OR AT REASONABLE
RATES. THE RESOLUTION IS CONSIDERED GENERALLY APPLICABLE
TO CREDITS OF THE EXIMBANK FOR THE PURPOSE OF FINANCING
THE ACQUISITION AND SHIPMENT OF UNITED STATES PRODUCTS.
THE BANK INCLUDES IN ANY SUCH CREDIT AGREEMENT A REQUIRE-
MENT THAT SHIPMENTS BE MADE IN U.S.-FLAG VESSELS, EXCEPT
TO THE EXTENT A WAIVER OF THAT REQUIREMENT MAY BE GRANTED
BY THE MARITIME ADMINISTRATION. AS REGARDS WAIVERS, IN
CERTAIN CIRCUMSTANCES RECIPIENT NATION VESSELS MAY BE

AUTHORIZED TO SHARE IN THE OCEAN CARRIAGE OF EXIMBANK-
FINANCED MOVEMENTS, NOTWITHSTANDING THE AVAILABILITY
OF U.S.-FLAG VESSELS UNDER SO-CALLED GENERAL WAIVERS.
SUCH PARTICIPATION, REPRESENTING A REDUCTION OF THE
U.S.-FLAG SHARE, MAY BE GRANTED WHEN THE MARITIME
ADMINISTRATION IS SATISFIED THAT PARITY OF TREATMENT
IS EXTENDED TO U.S. VESSELS IN THE TRADE OF THE FOREIGN
NATION. CONSIDERATIONS INFLUENCING THE APPROVAL OF
APPLICATIONS FOR GENERAL WAIVERS INCLUDE THE TREATMENT
ACCORDED U.S.-FLAG VESSELS IN TRADE WITH THE RECIPIENT
NATION, PARTICULARLY WHETHER U.S.-FLAG VESSELS HAVE
A PARITY OF OPPORTUNITY VIS-A-VIS NATIONAL-FLAG OR
FOREIGN-FLAG VESSELS TO SOLICIT AND PARTICIPATE IN MOVE-
MENTS CONTROLLED IN THE FOREIGN NATION.

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PAGE 04 STATE 223066

5. REQUEST REPORT ON APPROACH TO ITALIAN AUTHORITIES,
KISSINGER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
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Concepts: DISCRIMINATION, TRADE, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 09 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760340-1294
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1976/newtext/t19760976/aaaacnqc.tel
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Reference: 76 ROME 13620
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Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
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TAGS: EFIN, EAIR, EWWT, IT, US
To: ROME
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006